

Paid and unpaid graduate internships: prevalence, quality and motivations at six months after graduation

Wil Hunt* and Peter Scott**

**Warwick Institute for Employment Research, University of Warwick; **Faculty of Business and Law, University of Portsmouth, UK*

* Corresponding author. Dr Wil Hunt, Research Fellow, Warwick Institute for Employment Research, University of Warwick, Coventry, CV4 7AL, United Kingdom. Tel: +44 (0)24 76550860. W.Hunt@warwick.ac.uk

** Dr Peter Scott, Senior Lecturer, Organisational Studies and Human Resource Management Subject Group, Faculty of Business and Law, University of Portsmouth, Richmond Building, Portland St., Portsmouth, UK PO1 3DE. Tel 023 92 844246. peter.j.scott@port.ac.uk

Acknowledgements

The authors would like to thank the Sutton Trust and the Bespoke Data Service at HESA for their work in supplying the DLHE data and answering questions. The authors would also like to thank Prof. Meek and the reviewers for their helpful comments and suggestions. Responsibility for interpretation of data and any errors lies with the authors alone. We acknowledge funding sources for this research from a PhD studentship bursary and internal research project grant from Portsmouth Business School.

Paid and unpaid graduate internships: prevalence, quality and motivations at six months after graduation

Secondary analysis of the UK's 2011-12 Destinations of Leavers from Higher Education survey reveals that many existing assumptions about graduate internships are questionable. This article proposes a reliable way of estimating the true extent of internships including those reported as 'voluntary' jobs: hidden internships. In doing so the article finds: 1) At six months after graduation, internships are a small feature of the UK graduate labour market, but significant in certain sectors; 2) Unpaid internships are much more prevalent than previously estimated, especially in these same sectors; and 3) Contrary to some public policy debate, *unpaid* internships appear, on balance, to be a residual option more likely to lead to underemployment and less favourable career development outcomes. Post-graduation internships appear less likely than pre-graduation work experiences to confer long-term employability advantages.

Keywords: internships, employability, graduate labour market, transitions into employment.

Introduction

Internships have been the subject of considerable debate in higher education and public policy circles, as growing numbers of graduates emerge into competitive labour markets and transitions between education and employment become increasingly blurred and lengthy. As a further means to accumulate additional markers of employability to compete for 'graduate-level' jobs, the expansion of internships has been applauded or viewed with resignation as a necessary evil. Criticism of 'abuses' has focused on evidence that some interns are exploited, particularly those who work unpaid, yet it is simultaneously alleged that unpaid internships confer class advantages in accessing 'desirable' sectors.

Despite this, it is surprising how unsystematic much evidence about internships remains. Little quantitative evidence exists on the extent of the practice, the proportion

of unpaid internships, or the nature and relative quality of paid and unpaid internships. This paper undertakes secondary analysis of the 2011-12 Destinations of Leavers from Higher Education (DLHE) survey, the first wave to include ‘internships’ as a separate employment category, and asks:

1. What is the incidence of internships in the UK graduate labour market?
2. How prevalent are unpaid internships in relation to paid internship opportunities?
3. What are the likely utilities of paid *versus* unpaid internships, in career development terms, to recent graduates?

This study therefore focuses on graduate internships: employment experiences of finite duration, normally assumed to have a learning component to them, undertaken in the early stages following graduation. The delimitation is important, first, because there is no agreed definition of an internship, and no such employment status exists in UK law, despite the widespread advertising of opportunities as internships. Second, some research on ‘internships’ also subsumes work placements undertaken during the course of graduate study within the category (as noted by e.g. CIPD, 2010a; Oakleigh Consulting Ltd and CRAC, 2011). This conflation is unhelpful: there are good reasons for considering graduate internships as distinct. First, work placements carried out whilst studying are likely to be covered by the usual sources of student finance, are more likely to be supported by the student’s institution and to be more formal in nature (Lawton and Potter, 2010). Second, there are reasons to believe that work placements may have different consequences for employability. Purcell et al. (2012) found that unpaid work experience carried out before graduation increased chances of having a graduate level job 18-30 months after graduation, whereas unpaid work experience after graduation decreased chances of having a graduate level job. Research with employers has suggested that some may be using university work placements to recruit promising

students at an earlier stage (Pollard et al, 2015). As we argue below, outcomes of post-graduation internships cannot be assumed to be the same as of work placements or other extra-curricular activities (ECAs) undertaken during a higher education course.

In using the DLHE to address our research questions, some received wisdoms are found wanting. Graduate internships are revealed as a small but significant part of the graduate labour market. The spread of unpaid internships, concentrated particularly in certain economic sectors, has actually been underestimated by the limited prior research. Unpaid internships generally do not appear to confer long-term career advantages in the same way that HE work placements do and, contrary to some policy debate, the circumstances in which unpaid internships are taken up appear likely to reinforce more malign longer-term career consequences for those embarking on them. The primary policy issue is more a question of preventing those resorting to unpaid internships becoming ghettoised in relatively precarious employment paths, and less of preventing those who can ‘afford’ to access unpaid internships from monopolising the subsequent ‘best’ career opportunities.

Employability and the graduate labour market

Graduates are increasingly called upon to exhibit additional markers of employability over and above educational qualifications. Work placements, internships and ECAs are all seen as potential means to increase employability and set oneself apart from other applicants (Tomlinson, 2008; Bathmaker, Waller and Ingram, 2013; Smith, 2010). Of these, work placements engaged in while studying have received the most attention in the academic literature. Studies outside the UK have shown that university work placements can improve employability and labour-market outcomes (Gault, Leach and Duey, 2010; Callanan and Benzig, 2004; Silva et al, 2018; Saniter and Siedler, 2014), although the structure, content, placement/course fit and whether or not they are

mandatory all influence programme success (Divine, Linrud, Miller and Wilson, 2007; Paulins, 2008). In the UK, sandwich placements have been shown to have a positive effect on final year grades and increase chances of having a graduate job (Brooks and Youngson, 2016; Moores and Reddy, 2012), as can unpaid work experience while studying more broadly (Purcell et al, 2012). However, Wilton (2012) found that, while students were upbeat about their work placements, they did not always lead to improved employment outcomes.

Likewise, studies have examined the potential advantages and pitfalls of ECAs in the UK graduate labour market. Tomlinson (2008) shows how students see ECAs as a useful addition to a degree that can be used to create a narrative of employability that can help gain positional advantage in the labour market. Tchibozo's (2007) study agrees that ECAs can lead to improved labour-market outcomes, depending upon the nature of the experience involved. Conversely, Stuart, Lido, Morgan and May (2009) have shown that the extent to which different ECAs are valued by employers can vary depending upon the employer and the experience.

Research on internships

Graduate internships have received rather less attention in the academic literature in the UK. Research has consisted of small-scale qualitative studies focusing on a particular industry (e.g. Siebert and Wilson, 2013; Leonard et al, 2016), policy-oriented reports based on anecdotal evidence (e.g. Lawton and Potter, 2010; Milburn, 2009), or evaluations of government-backed schemes that may not be representative of the wider practice (Mellors-Bourne and Day, 2011; Oakleigh Consulting Ltd. and CRAC, 2011).

Recently, the DLHE survey series (described in more detail below) has been used by other authors to interrogate the nature and incidence of unpaid graduate internships quantitatively. However, previous usages have some shortcomings. In a

widely reported research brief, the Sutton Trust (2014) estimated that 31 per cent of graduate interns were unpaid. This was calculated on the basis of those reporting undertaking an internship *and* working unpaid to the 2012/13 DLHE. However, from discussions with the researchers, this analysis was found not to take into account item non-response to the questions about pay, therefore underestimating the proportion who were unpaid. A HESA Bespoke Data Service (BDS) request by Author A for data from the 2012/13 and 2013/14 graduating cohorts revealed that, after controlling for missing answers, 45 per cent of self-defined interns from the 2012/13 cohort were unpaid at six months, while the figure was 41 per cent for the 2013/14 graduating cohort. While this does appear to show a decline in the proportion of internships that were unpaid, these figures only include 'self-defined' interns. This may further underestimate the full extent of unpaid internships, as it excludes any reported as 'voluntary work', a shortcoming that is addressed in the analysis of 2011/12 data in this article.

More recently, Holford (2017) investigated unpaid internships using the DLHE cohorts between 2005 and 2011, as well as longitudinal DLHE covering the same period, to indicate the existence of a significant divergence in pay outcomes dependent on socio-economic status. There are several difficulties with the methodological approach taken. DLHE respondents who reported working unpaid and reported an occupation in SOC major groups 1-3 (with a few exceptions) were classed as unpaid interns. Although there is some logic to this, this approach fails to capture paid interns, any internships that are not in major groups 1-3 (therefore overlooking some creative and medical interns), and respondents who either fail to tick the 'unpaid' box but report £0 as their pay or omit to answer the pay question. More inexplicably, Holford (2017, 6) states that 'DLHE data for 2011/12 graduates and earlier do not contain explicit data on

internships', despite the fact that the 2011/12 survey was the first to capture internships specifically and is therefore the basis of the analysis presented below.

Extant literature on internships has so far provided a patchy and, at times, contradictory picture of the extent, reward and nature of internships. Internships can be full-time or part-time, can range from a few weeks to more than a year in duration and involve an assortment of tasks from the challenging and developmental to routine and mundane (Milburn, 2009; Mellors-Bourne and Day, 2011). Estimates of the extent of the practice range from 15-20,000 (Oakleigh Consulting Ltd. and CRAC, 2011) to around quarter of a million at any one time (Lawton and Potter, 2010). Similarly, estimates of the proportion of internships that are unpaid vary considerably from five per cent on the Graduate Internship [GI] scheme (Oakleigh Consulting Ltd. and CRAC, 2011) to 36 per cent on the Graduate Talent Pool [GTP] (Mellors-Bourne and Day, 2011). However, there are reasons to suspect that these estimates may not be entirely representative of the wider practice of internships. On the GI scheme employers were essentially subsidised for taking on interns and while employers using the GTP were not reimbursed for taking on interns, they were advised to pay interns performing a 'worker' role. As well as the Sutton Trust 31 per cent estimate (queried above), the CIPD (2010b) reported that 21 per cent of employers in their 'Learning and Talent Development' survey said their internships were unpaid or expenses only. However, the CIPD's is a non-representative sample of predominantly larger employers (not individuals). Estimating the proportion of actual interns who were unpaid is problematic because larger employers may be more able to afford to pay interns, and some employers may have different combinations of paid and unpaid interns.

Most literature agrees that graduates' purpose in undertaking internships is to access particular industries or careers and improve their employability through the

provision of ‘real world’ experience and opportunities to develop social networks and industry-specific knowledge and skills (Milburn, 2009; Lawton and Potter, 2010). The extent to which internships generally do provide these benefits is uncertain and has been the subject of negative attention from the media and campaign groups for some years. As summated in the sub-title of Perlin’s (2012) book, internships may be a way to ‘earn nothing and learn little’. While evaluations of government backed schemes appear to show that many do provide opportunities for development, a significant minority do not (17-18 per cent on the GTP and GI schemes – Mellors-Bourne and Day, 2011; Oakleigh Consulting Ltd. and CRAC, 2011), and there is evidence that some internships amount to little more than exploitation with unpaid interns carrying out routine tasks that would otherwise have fallen to paid members of staff (Milburn, 2009; Frenette, 2013). Findings from a graduate survey of creative and mass communications graduates, which forms part of the wider research on which this article is based, point to significant differences between paid and unpaid internships in terms of perceived development, with unpaid internships viewed as less developmental (Author A, 2017).

To sum up, for what has emerged as a repeated issue across the higher education, employment and public policy fields, the underpinning research and evidence base is fragmentary and comes to surprisingly diverse conclusions about even basic aspects of the subject. Internships have been a subterranean phenomenon of flexible labour markets largely incapable of capture by statistical sources. While there has been a small-scale move towards investigation through use of more quantitative sources, we have identified a number of problems in the approaches and methodologies hitherto attempted. The data reported here attempts to improve use of quantitative evidence, in order to enhance data and discussions on the extent and nature of graduate internships.

Method

The data employed comes from the DLHE: an annual statutory census of recent graduates carried out in the first year after finishing an HE course. It is conducted by higher education institutions on behalf of the Higher Education Statistics Authority (HESA) and captures information about graduates' employment situation six months after graduation. It can be completed by post, telephone or online. This analysis focuses on the 2011/12 graduating cohort: the first survey to capture internships as a separate employment category. As such, the 2011/12 DLHE offered a unique opportunity to examine participation in internships at a crucial time in graduates' early careers. The survey provides a representative and generalisable snapshot of the employment situation of UK and EU graduates (undergraduate and postgraduate) from UK HEIs at six months after finishing their course. The 2011/12 survey achieved a response rate of 77.4 per cent and was broadly representative of that graduating cohort, although response rates were slightly higher for UK domiciled leavers and leavers from full-time courses.

The current analysis focuses on identifying and measuring paid and unpaid internships and differences between them in terms of qualification requirements and motivations. As the survey is a census, confidence intervals and inferential statistics are not reported because: a) central limit theorem, on which such statistics are based, only applies to random or probability samples, and b) the figures presented are the population estimates and so estimates of uncertainty are not needed.

Measuring interns and 'hidden' internships

The DLHE asks respondents to indicate all of the activities in which they were engaged on the relevant census date (Q1): working full-time, working part-time, unemployed, due to start work in the next month, full-time study, part-time study, time out, or

‘something else’. They are then asked to indicate which they feel is their ‘most important’ activity. Those reporting any work (or are due to start work) are asked how many jobs they had on the census date and are asked for details about what they feel is their ‘main’ job. Respondents are subsequently asked the basis on which they were employed (Q5): self-employed, starting their own business, on a fixed-term contract, on a permanent contract, doing voluntary work, on an internship, developing a portfolio/creative practice, temping, or ‘other’. It is here that the survey differs from earlier rounds of the DLHE in that previously there was no separate category for ‘internships’, with unpaid interns likely reported alongside volunteers and other unpaid workers, while paid interns would likely be reported alongside temporary or fixed-term employees.

On interrogation of the data two things became clear. First, some respondents reporting their most important activity as unemployed, taking time out, or ‘something else’ (at Q1) also reported working and indicated that they were ‘on an internship’ (at Q5). Second, a number of respondents reporting their main job as ‘voluntary’ were working in occupations or industries not normally associated with voluntary work, which might otherwise be considered as fitting in with common conceptions of internships. We have termed these ‘hidden’ internships here because they are often hidden in official estimates. Examples of industries (at the 2-digit level using Standard Industrial Classification [SIC] codes) ‘volunteers’ were working in include: publishing; financial services; legal and accounting activities, activities of head offices, management and consultancy; architectural and engineering activities; advertising and market research; other professional, scientific and technical activities; and creative, arts and entertainment. Examples of occupations (at the 4-digit level using Standard Occupational Classification [SOC] codes) that ‘volunteers’ were working in that might

more reasonably be considered internships include: web design and development professionals; conservation professionals; legal professionals n.e.c; management consultants and business analysts; researchers; journalists, newspaper and periodical editors; public relations professionals; architectural and town planning professionals; and artists.

In total, 1,375 of the 5,590 graduates who described their main job as ‘voluntary’ were working in industries outside the voluntary or public sector in occupations not traditionally associated with altruistic or charity work, which the ‘voluntary worker’ exception in national minimum wage (NMW) regulations was meant to preclude (Pyper, 2015). When these otherwise ‘hidden’ internships are combined with the 6,300 self-defined interns this would make a total of 7,675 interns six months after graduation (2.5 per cent of graduates with any evidence of work).

Mellors-Bourne and Day (2011) reported that on the GTP only around one-quarter to one-third of internships were carried out in the first six months after graduation and that most had finished with internships by 18 to 24 months. Thus, if the number of graduates reporting internships in the DLHE represents around a quarter to a third of all interns at any one time this would give an estimate of around 23,000 to 31,000 interns. Although it is hard to say for sure how many interns engage in internships at different time points after graduation, this estimate appears closer to the 15-20,000 estimated for 2011 by Oakleigh Consulting Ltd. and CRAC (2011) than the quarter of a million estimated by Lawton and Potter (2010).

Although seemingly a relatively small feature of the graduate labour market at just 2.5 per cent of graduates reporting work, DLHE only provides an early snapshot of the situation and there are good reasons to expect this proportion to increase during the first two years after graduation. As noted above, in both of the evaluations of

government backed schemes only around one-quarter to one-third of internships were carried out in the first six months after graduation, and in the wider study from which this analysis is drawn (Author A, 2017), by two to six years after graduation around one-quarter of creative and mass communications graduates reported having engaged in an internship at some point after graduation.

Indeed, participation in internships was significantly higher among graduates from some subject areas and in certain industries and occupations. In terms of subject areas, internships were twice as common as the overall average among graduates of mass communications and documentation (5.3 per cent), languages and related subjects (5.2 per cent), creative arts and design (5.0 per cent), and historical and philosophical studies (4.9 per cent). Industries and occupations with the highest incidence of internships can be seen in Table 1. As can be seen, many of these industries and occupations reflect those highlighted in the literature as being where internships are becoming increasingly commonplace, are particularly glamorous and desirable and/or wield significant power (Lawton and Potter, 2010).

[Table 1 here]

Unpaid internships

DLHE data revealed that unpaid internships were much more prevalent than previously estimated, with 50 per cent of self-defined interns – 58 per cent including hidden internships – reporting that their internship was unpaid. This proportion is substantially higher than the problematic estimates discussed earlier. The proportion of internships that were unpaid varied considerably by industry and occupation, and subjects reflecting these. Unpaid internships tended to be more common in areas where internships were common more generally, reflecting industries and occupations that are allegedly

glamorous, particularly sought after and competitive. Subject areas where unpaid internships were most common include: creative arts and design (71 per cent); biological sciences (67 per cent); architecture, building and planning (65 per cent); historical and philosophical studies (62 per cent); and mass communications and documentation (62 per cent). Occupations (Table 2) where unpaid internships were common include: journalists; clothing and textiles designers; public relations professionals; media and public administration researchers; non-governmental organisation officers; architectural and town planning technicians; and graphic and multimedia designers. Industries (Table 2) with the highest proportion of unpaid internships included: creative arts and entertainment; programming and broadcasting; sports, amusement and recreation; motion picture, television, sound recording and music production and publishing; activities of membership organisations; publishing; libraries, museums and cultural activities; and 'other' professional, scientific and technical activities.

Perhaps surprisingly, the proportion of internships that were unpaid was lower than average among marketing professionals (50 per cent) and in the advertising and market research industry (54 per cent), perhaps reflecting efforts to reduce the practice in these areas. Interns in computer programming, public health organisations, public administration, education and the financial services sector were among those least likely to be unpaid (43, 42, 41, 27 and 27 per cent respectively), broadly mirroring findings from the GTP evaluation (Mellors-Bourne and Day, 2011).

[Table 2 here]

Required educational level and quality

The DLHE asks those reporting any work on the census date whether their qualification

was needed to get their main job. Whether graduates' qualifications are a requirement for the job, and indeed needed at all, can arguably be seen as an indication of the level of education needed to carry out the requisite tasks and by extension an indicator of job quality. If internships help graduates develop employment related skills and knowledge and are a genuine bridge from education to employment, then they might be expected to require a higher level of qualification. However, while paid interns were more likely to say their qualification was a requirement than those on nearly any other form of contract (including open-ended contracts) unpaid interns were much less so (Figure 1 – panel 1). Paid interns were more likely than unpaid interns to say that their qualification was needed (87 compared to 72 per cent) and much more likely to say it was a requirement (51 compared to 31 per cent).

For those reporting that their qualification was needed, both paid and unpaid interns said that the subject and level were important. However, paid interns were more likely than unpaid interns to say that the level was important (33 compared to 25 per cent) and, in fact, were more likely to say this than those in all other forms of employment (Figure 1 – panel 2). Taken together, this suggests that paid internships are more likely than unpaid internships to be of a level requiring a greater level of education and are arguably of a higher quality.

[Figure 1 here]

Motivations

The DLHE also asks respondents to indicate why they decided to take their main job. They can indicate, from a list, numerous reasons they feel best reflect their motivations for taking the job and are also asked to indicate which one they feel is most important. The most commonly cited reasons for taking up an internship (paid or unpaid) were:

- ‘To gain and broaden my experience in order to get the type of job I really want’;
- ‘It fitted into my career plan / it was exactly the type of work I wanted’;
- ‘To see if I would like the type of work involved’.

The focus on broadening experience and trying things out distinguished internships from nearly all other types of employment (Figure 2 – panels 1 and 2).

When comparing the motivations of paid and unpaid interns (Figure 2 – panels 3 and 4), although the reasons for undertaking their internship still revolve around their career plans, broadening experience and trying things out, some differences start to emerge. When looking at all reported reasons paid interns were more likely than unpaid interns to say it was exactly the type of work they wanted (58 compared to 49 per cent) and less likely to say it was to gain/broaden experience (58 compared to 65 per cent). These differences were even more pronounced when comparing main reasons, with fitting career plans the most commonly cited motivation among paid interns (39 per cent compared to 30 per cent of unpaid interns) and broadening experience the most commonly cited reason among unpaid interns (47 per cent compared to 28 per cent of paid interns). Taken together, a picture emerges of paid internships as fitting career plans, whereas unpaid internships may be more about trying things out and gaining experience.

[Figure 2 here]

Discussion and conclusion

Better understandings of the extent of internships and the potential differences between paid and unpaid internships are key to debates around their ethical and practical implications. The evidence presented above questions some of the accepted wisdom

about the practice at a key stage in graduates' early careers. We now draw out three main findings in relation to our research questions, and also propose a more accurate way of identifying and measuring internships using the DLHE than previously.

First, the research suggests that internships are a less ubiquitous transition between education and employment than some accounts intimate. Using data for the 2011/12 graduating cohort, at least 7,675 graduates were engaged in internships at six months after finishing their course, representing around one in forty of those in work. However, in some arts, humanities, creative and media fields they are more entrenched as a route into employment. Because of traditions of freelancing and exploitation of a revolving door of fresh talent, as well as power dynamics, in some of these sectors, reliance on internships will be harder to reduce, and improving internship experiences equally difficult.

We concede that DLHE is only an early post-graduation snapshot of participation in internships; more graduates are likely to participate in internships within the first two years after graduation. For example, elsewhere Author A (2017) finds that, by two years after graduation, around one-quarter of creative arts and design and mass communications graduates who responded to a separate graduate survey had completed at least one internship. Based on the assumption that only around one-quarter to one-third of internships are carried out in the first six months after leaving university (Mellors-Bourne and Day, 2011), the total number of graduate internships at any one time would appear to be closer to the number estimated by Oakleigh Consulting Ltd and CRAC (2011) than by others (e.g. Lawton and Potter, 2010). Furthermore, the number of graduates engaging in internships may well be increasing. Publicly available DLHE data shows that the number of UK graduates on a self-defined internship at six months increased from 6,245 in 2011/12 to 7,735 in 2013/14. More detailed analysis of later

cohorts is needed though, as these figures do not include hidden internships (i.e. those reported as ‘voluntary work’) and publicly available data for more recent cohorts do not cover the same base as the figures reported here.

A second finding is that unpaid internships appear to be much more common than previously estimated, with more than half of those doing an internship at six months unpaid. This finding is particularly worrying, given media, legal and governmental concerns about non-payment of interns. Previous estimates suggested that only around one-third of internships were unpaid or ‘expenses only’. However, until now much of the evidence presented came from government schemes that may not be representative of the wider practice (Mellors-Bourne and Day, 2011; Oakleigh Consulting Ltd and CRAC, 2011); from employer surveys biased towards larger employers (CIPD, 2010b); or failed to account adequately for item non-response in the DLHE (Sutton Trust, 2014). Whilst there is some evidence the proportion of internships that are unpaid may be declining, further analysis is needed to confirm whether this is a genuine pattern, as figures from more recent cohorts do not take into account interns reporting their internship as voluntary work. Employers may be increasingly labelling internships as ‘voluntary’ positions in an attempt to circumvent NMW legislation. Our research certainly shows that internships generally, and unpaid internships in particular, are much more common in industries, occupations and subjects reflecting these. Confirmation of prevalence of unpaid internships in ‘glamorous’ sectors raises fresh questions about potential exploitation and underlines the importance of understanding how internships operate as a mechanism for determining who is able to access careers in these industries.

Third and consequent, unpaid internships are less formal and of a standard less likely to require a higher level of qualification. Graduates on paid internships were more

likely to say that it fitted their plans and that their qualification was a requirement (not just an advantage). Unpaid interns were more likely to cite gaining experience as the main motivation, and to say their qualification was not needed or just an advantage. This cannot disprove conclusively the dominant narrative that unpaid internships represent an informally selective entry route to elite positions. However, as Holford (2017) also suggests, there is a need to better understand even unpaid internships as a bifurcated path, where many unpaid internships are merely a conduit into the more precarious end of the labour market. More widely, we argue the real two-tier system of internships is one where *paid* opportunities are more highly prized and beneficial. Importantly, though, there is nothing in our overall findings to suggest that participation in post-graduation internships confers on the participants the same order of advantageous signals of employability as do pre-graduation work placements and ECAs. A finding that is echoed elsewhere (e.g. Purcell et al., 2012).

Fourth, and not least, the analysis presented here proposes a reliable way of identifying the full extent of early engagement in internships using data from the DLHE. Others have commented that internships can be known by a range of labels including internship, volunteer worker, work/industrial placement (CIPD, 2010a) and, while the ‘volunteer’ exemption in NMW legislation was intended to exclude people who genuinely wish to work ‘for good causes’, ‘without profit’ from qualifying for the NMW, some employers may exploit this designation. There are good reasons for excluding internships, intended as a means for graduates to get a foothold in a given industry or career, from genuine voluntary work carried out for altruistic reasons, even in the voluntary sector where internships are also common (Gerada, 2013; Leonard et al., 2016). This analysis shows that a considerable number of graduates describing their role as ‘voluntary work’ were not working in occupations or industries generally

associated with the public or voluntary sector, and proposes a way of categorising these hidden internships accordingly by looking at the industries and occupations they are working in. Although this approach is imperfect and some interns may be incorrectly assigned, this approach improves on simply relying on self-reported title alone, or assigning the designation based solely on occupational level and whether or not they were unpaid, and goes some way to providing a genuine estimate of the extent of the practice at this early stage.

Although this paper analyses data of 2011/12 vintage, there is no real reason to think that the tenor of our findings have since become invalid or obsolete. The legal and policy environment remains essentially unchanged, excepting stronger guidance on paying interns the NMW if they are ‘workers’, which may have the perverse consequence of encouraging unscrupulous employers to use the ‘volunteer’ exception in the regulations. Indeed, parliament has so far declined to bring internships explicitly within NMW legislation¹. In addition, with student enrolments continuing to climb the scramble from graduate jobs is unlikely to become less competitive any time soon and there is no evidence that the incidence of internships has declined since our data. Certainly, more research is needed to unravel the incidence and usage of internships, especially the more hidden variants revealed in this paper that remain unreflected in wider research. However, the paucity of readily available statistical data sources renders this no easy task and, as we mention below, developments in official surveys of graduate destinations may actually make it harder to uncover the kind of trends identified here.

Future surveys could perhaps be improved by defining what sorts of positions should be reported as ‘on an internship’ or as ‘voluntary work’. With the Graduate Outcomes survey replacing the DLHE and LDLHE from 2017/18 onwards, it is also

important to consider how best to capture experience of internships, and other types of labour-market experience, engaged in since leaving university. The DLHE and LDLHE surveys only captured internships engaged in as a ‘main’ job on the census date (at six and 42 months), and the Graduate Outcomes survey will only capture ‘main’ job at 15 months. Internships carried out before or after this time point (i.e. the majority) or as a second job will not be recorded, unless they are lucky enough to have been taken on by the host organisation and report it in subsequent questions. Internships leading nowhere or to a job somewhere else would not be picked up, making examination of participation and labour-market outcomes relative to non-interns undetectable to research.

The current research has provided a more detailed and generalisable picture of participation in paid and unpaid internships at an early stage in graduates’ careers, using the 2011/12 DLHE. It raises a number of concerns, particularly about the prevalence of unpaid internships and their consequences for the individuals concerned. Interrogation of later DLHE cohorts would provide a longitudinal dimension to the argument presented here, and enable judgment as to whether internships (not just self-reported) really are increasing, in which sectors, and if unpaid internships are declining. Here, however, we have focused on improving the reliability of the baseline. Further research is needed into the extent to which paid and unpaid internships really do provide, over time, the purported labour-market benefits in the transition between higher education and employment or are malign expressions of increasingly precarious graduate labour markets.

¹ <https://services.parliament.uk/bills/2016-17/nationalminimumwageworkplaceinternships.html>

References

- Bathmaker, A-M., N. Ingram and R. Waller 2013. "Higher Education, Social Class and the Mobilisation of Capitals: recognising and playing the game." *British Journal of Sociology of Education* 34 (5-6): 723-743.
- Brooks, R. and P. L. Youngson 2016. "Undergraduate Work Placements: An analysis of the effects on career progression." *Studies in Higher Education* 41 (9): 1563-1578.
- Callanan, G. and C. Benzing 2004. "Assessing the Role of Internships in the Career-oriented Employment Outcomes of Graduates." *Education and Training* 46 (2): 82-89.
- CIPD 2010a. *Internships: To pay or not to pay?* London: Chartered Institute of Personnel and Development.
- CIPD 2010b. *Learning and Talent Development: Annual survey report 2010*. London: Chartered Institute of Personnel and Development.
- Divine, R. L., J. K. Linrud, R. H. Miller and J. H. Wilson 2007. "Required internship programs in marketing: Benefits, challenges and determinants of fit." *Marketing Education Review* 17: 45-52.
- Frenette, A. 2013. "Making the Intern Economy: Role and career challenges of the music industry intern." *Work and Occupations* 40 (4): 364-397.
- Gault, J., E. Leach and M. Duey 2010. "Effects of Business Internships on Job Marketability: the employers' perspective" *Education and Training* 52 (1): 76-88.
- Gerada, C. 2013. *Interns in the Voluntary Sector: Time to end exploitation*. London: Intern Aware and Unite the Union.
- Holford, A. 2017. *Access to and Returns from Unpaid Graduate Internships*. IZA Discussion Paper no. 10845. Bonn: IZA Institute of Labor Economics.
- Hunt, W. 2017. "Internships and the Graduate Labour Market." PhD thesis, University of Portsmouth.

- Lawton, K. and D. Potter 2010. *Why Interns Need a Fair Wage*. London: Institute for Public Policy Research.
- Leonard, P., S. Halford and K. Bruce 2016. “ ‘The New Degree?’ Constructing internships in the Third Sector.” *Sociology* 50 (2): 383-399.
- Mellors-Bourne, R., and E. Day 2011. *Evaluation of the Graduate Talent Pool Scheme*. (BIS Research Paper number 28). London: Department of Business, Innovation and Skills (BIS).
- Milburn, A. (chair) 2009. *Final Report of the Panel on Fair Access to the Professions*. London: The Stationery Office.
- Moore, E. and P. Reddy 2012. “No regrets? Measuring the career benefits of a psychology placement year.” *Assessment and Evaluation in Higher Education* 37 (5): 535-554.
- Oakleigh Consulting Ltd, and CRAC 2011. *Increasing Opportunities for High Quality Higher Education Work Experience*. London: Higher Education Funding Council England.
- Paulins, V. A. 2008. “Characteristics of retailing internships contributing to students’ reported satisfaction with career development.” *Journal of Fashion Marketing and Management* 12 (1): 105-118.
- Perlin, R. (2012). *Intern Nation: How to earn nothing and learn little in the brave new economy*. New York: Verso.
- Pollard, E., W. Hirsh, M. Williams, J. Buzzeeo, R. Marvell, A. Tassinari, and C. Ball 2015. *Understanding Employers’ Recruitment and Selection Practices: Main report*. (BIS Research Paper No. 231). London: Department for Business, Innovation and Skills.

- Purcell, K., P. Elias, G. Atfield, H. Behle, R. Ellison, D. Luchinskaya, J. Snape, L. Conaghan and C. Tzanakou 2012. *Futuretrack Stage 4: Transitions into employment, further study and other outcomes (Full Report)*. (HECSU Research Report). Manchester: Higher Education Careers Services Unit (HECSU).
- Pyper, D. 2015. *The National Minimum Wage: volunteers and interns*. Briefing Paper no. 00697, 21 December. London: House of Commons Library.
- Saniter, N., and T. Siedler 2014. *Door Opener or Waste of Time? The effects of student internships on labour market outcomes*. (IZA Discussion Paper No. 8141). Bonn, DE: Institute for the Study of Labor (IZA).
- Siebert, S., and F. Wilson, F. (2013). "All Work and No Pay: consequences of unpaid work in the creative industries." *Work, Employment and Society* 27 (4): 711-721.
- Silva, P., B. Lopez, M. Costa, A. I. Melo, G. P. Dias, E. Brito and D. Seabra (2018). "The Million-dollar Question: Can internships boost employment?" *Studies in Higher Education* 43(1): 2-21.
- Smith, V. 2010. "Review Article: Enhancing Employability: Human, cultural and social capital in an era of turbulent unpredictability." *Human Relations* 63 (2): 279-303.
- Stuart, M., C. Lido, J. Morgan and S. May 2009. *Student diversity, extra-curricular activities and perceptions of graduate outcomes*. Higher Education Academy Grant 2007–08. York: The Higher Education Academy.
- Sutton Trust 2014. *Internship or Indenture? Research Brief*. London: The Sutton Trust.
- Tchibozo, G. 2007. "Extra-Curricular Activity and the Transition from Higher Education to Work: A Survey of Graduates in the United Kingdom." *Higher Education Quarterly* 61 (1): 37–56.

Tomlinson, M. 2008. "The degree is Not Enough: Students' perceptions of the role of higher education credentials for graduate work and employability." *British Journal of Sociology of Education* 29 (1): 49-61.

Wilton, N. 2012. "The Impact of Work Placements on Skills Development and Labour Market Outcomes for Business and Management Graduates." *Studies in Higher Education* 37 (5): 603-620.